

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL MEMORANDUM

SB 516 – HB 1751

May 18, 2009

SUMMARY OF AMENDMENT (008661): Deletes the language of the original bill; adds a new chapter of law to Title 55 of Tenn. Code Ann. concerning the use of funds which are held in trust by motor vehicle dealers, motor vehicle distributors, and motor vehicle manufacturers for the purpose of protecting the interests and rights of private parties to transactions involving the sale or purchase of motor vehicles.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue – Net Impact - \$45,825,000

Decrease Local Revenue – \$2,205,800

Other Fiscal Impact – Beginning in FY10-11, there will be additional forgone revenue to state and local governments due to the natural growth of taxable food sales. As taxable food sales grow each year, forgone sales tax revenue will increase. Assuming taxable food sales grow by 4.5 percent from FY09-10 to FY10-11, total forgone sales tax revenue for FY10-11 would be approximately \$2,161,400. Of this amount, the state would forgo approximately \$2,062,100, and local governments would forgo approximately \$99,300 as a result of state-shared sales tax apportionment. These forgone amounts will increase each successive year by the rate at which taxable food sales grow in the future.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

State Revenue – Net Impact – Not Significant

State Expenditures – Net Impact – Not Significant

Local Revenue – Net Impact – Not Significant

Local Expenditures – Net Impact – Not Significant

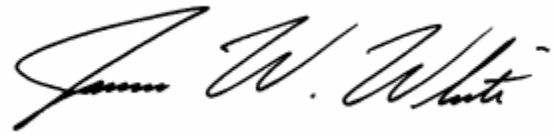
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Assumption applied to amendment:

- Any fiscal impact as a result of this legislation will be borne by private parties to transactions involving the sale or purchase of motor vehicles. As a result, any net change to state or local government revenue or expenditures is considered to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc